

RECORDATION NO. 22846-K FILED

DEC 15 '05

2-39 PM

DEC 15 2005
RECEIVED

FIRST UNION RAIL

SURFACE TRANSPORTATION BOARD

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847.318.7575
Fax 847.318.7588

VIA UPS 2nd DAY AIR

December 12, 2005

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals of a Memorandum of Lease Agreement, dated September 14, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation Number 22846.

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Albany & Eastern Railroad Company
1784 S. Main Street
Lebanon, OR 97355

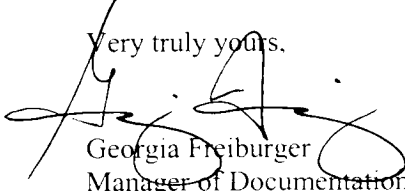
A description of the railroad equipment covered by the enclosed document is fifty (50) 73' centerbeam flat cars, with AERC marks (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5387. Thank you for your cooperation in this matter.

Very truly yours,


Georgia Freiburger
Manager of Documentation

Enclosures
(AERC027)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 14th day of September, 2005 by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Albany & Eastern Railroad Company ("Lessee"), an Oregon corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Master Lease Agreement (the "Lease"), dated as of April 7, 1999, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 26 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of March 1, 2005, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. Seymour
Name: RICHARD F. SEYMOUR
Title: Vice President Sales & Marketing

By: Susan Gorkulsky
Name: SUSAN GORKULSKY
Title: MR. OF DOCUMENTATION

Executed on this 14th day of September, 2005.

[CORPORATE SEAL]

RECORDATION NO. 22846-K FILED

STATE OF ILLINOIS

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COUNTY OF COOK

SURFACE TRANSPORTATION BOARD

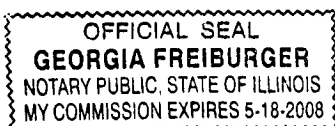
I, GEORGIA FREIBURGER, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 14th day of September, 2005

Georgia Freiburger
Notary Public

My Commission Expires:

5-2008
(Notary Public)



LESSEE:

ALBANY & EASTERN RAILROAD COMPANY

ATTEST:

By: Mike Root
Name: MIKE ROOT
Title: Pres

By: _____
Name: _____
Title: _____

Executed on this 9th day of September, 2005.

[CORPORATE SEAL]

STATE OF Oregon
COUNTY OF Linn

I, Tamra L. Boyes, a Notary Public of the County and State aforesaid, certify that Mike Root personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 9th day of September, 2005

Tamra L. Boyes
Notary Public

My Commission Expires:

January 3, 2009
(Notary Public)

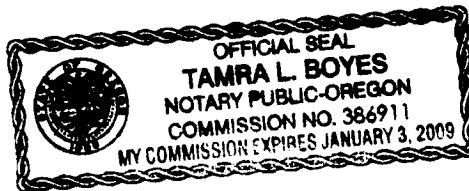


EXHIBIT A
to
MEMORANDUM OF LEASE

- I. NUMBER OF CARS: Fifty (50)

- II. DESCRIPTION OF CARS: 73' Centerbeam Flat Cars, 286,000 lb. capacity, riserless
deck, built by National Steel Car Company

- III. CAR NUMBERS: AERC 735500-735549, inclusive.